

FISCAL MEMORANDUM

HB 9 – SB 277

May 24, 2007

SUMMARY OF AMENDMENT (008431): Changes the amount transferred annually from the Lottery for Education Account to the K-12 Lottery Capital Outlay Account from the amount in the Lottery for Education Account in excess of \$250.0 million to the amount appropriated in the general appropriations act. Prohibits such transfer for FY07-08 from exceeding \$100.0 million. Changes the allocation method of funds within the K-12 Lottery Capital Outlay Account in any fiscal year from a formula based on the ratio of the district's average daily membership to the state total average daily membership, to the same manner in which state funds are allocated and distributed to school districts through the basic education program funding formula in effect for that fiscal year.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - The fiscal impact of this bill is dependent upon several unknown factors such as (1) the extent of net lottery proceeds in excess of \$250,000,000 in any given year and (2) the ability of local governments to match grant funding. As a result, determining a precise fiscal impact for this bill is difficult. However, such local government grants (funds earmarked for lottery scholarships and grants under current law) are reasonably estimated to exceed \$100,000 per year. In addition to any local government grants, there will be an increase to one-time and recurring state expenditures, for incremental administrative costs, estimated to be \$100,000 and \$50,000 respectively for FY07-08. Such recurring administrative costs are estimated to be \$70,000 in FY08-09. Any increase of administrative costs will be paid for with funds deposited/transferred to the K-12 Lottery Capital Outlay Special Account from excess net lottery proceeds.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenues –

Up to \$100,000,000 – FY07-08 / Lottery for Education Account

Increase State Revenues

Up to \$100,000,000 – FY07-08 / K-12 Lottery Capital Outlay Account

Other Fiscal Impact – Subsequent year transfers cannot be determined for such transfers are dependent upon amounts as determined by the General Assembly and identified in subsequent general appropriations

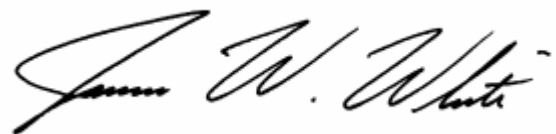
acts. In addition, the ability of multiple local governments to match grant funding will vary considerably from jurisdiction-to-jurisdiction and from year-to-year. As a result, determining a precise local government impact for this bill is difficult. However, such local government grants are reasonably estimated to exceed \$100,000 per year. Also, there will be an increase to one-time and recurring state expenditures, for incremental administrative costs, estimated to be \$100,000 and \$50,000 respectively for FY07-08. Such recurring administrative costs are estimated to be \$70,000 in FY08-09. Any increase of administrative costs will be paid from funds deposited/transferred to the K-12 Lottery Capital Outlay Account.

Assumptions applied to amendment:

- According to the Office of the Comptroller, the increase of one-time and recurring costs to administer the grant program is estimated to be \$100,000 and \$50,000 respectively for FY07-08. Recurring costs for FY08-09 are estimated to be \$70,000. Such increase in administrative costs is to be paid from funds deposited/transferred to the K-12 Lottery Capital Outlay Account.
- Costs to local governments to meet the local matching requirement cannot be determined since it is unknown what match requirement will be established. In addition, the increase in local government revenues is unknown since the amount of grants awarded to LEAs cannot be quantified at this time. However, such increase in local government expenditures and revenues could be expected to exceed \$100,000 respectively.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc